

**NOVA SCOTIA
HOUSING DEVELOPMENT CORPORATION**

**ANNUAL ACCOUNTABILITY REPORT
FOR THE FISCAL YEAR 2007-2008**

TABLE OF CONTENTS

1.0	Accountability Statement	<u>1</u>
2.0	Message From the Nova Scotia Housing Development Corporation	<u>2</u>
3.0	Introduction	<u>3</u>
3.1	Report Structure	<u>3</u>
4.0	Priorities and Accomplishments	<u>4</u>

1.0 ACCOUNTABILITY STATEMENT

The accountability report of the Nova Scotia Housing Development Corporation for the year ended March 31, 2008, is prepared pursuant to the *Provincial Finance Act* and government policies and guidelines. These authorities require the reporting of outcomes against the corporation's business plan information for the fiscal year 2007-2008. The reporting of the Housing Development Corporation outcomes necessarily includes estimates, judgements, and opinions by the corporation's management.

This accountability report is the responsibility of the corporation's management and is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in the corporation's business plan for the year.

Judy Streach
Minister, Department of Community Services

Judith F. Ferguson
Deputy Minister, Department of Community Services

2.0 MESSAGE FROM THE NOVA SCOTIA HOUSING DEVELOPMENT CORPORATION

I am pleased to present the Nova Scotia Housing Development Corporation's Accountability Report for the 2007-2008 fiscal year. This report provides an overview of the corporation's priorities and the accomplishments.

The corporation, through the staff of the Department of Community Services and seven housing authorities, enables the provision of a variety of services to support healthy and diverse communities. The corporation supports the management of the province's social housing units, the creation of more affordable housing, and the administration of third party agreements for cooperative and other non-profit housing.

The corporation continues to work with all levels of government and the community to provide Nova Scotian families with access to safe, appropriate, affordable and sustainable housing.

I hope you will find the information helpful in understanding the corporation's progress in providing affordable homes for Nova Scotians.

Sincerely,

Judy Streach
Minister, Department of Community Services

3.0 INTRODUCTION

The Annual Accountability Report is a report on the progress achieved by the corporation towards the goals, priorities, performance measures, and financial targets established in the 2007-2008 Business Plan, and is available at <http://www.gov.ns.ca/coms/departments/Publications.html>

The Nova Scotia Housing Development Corporation, created in 1986, provides financing for government's social and supported housing programs. It is responsible for holding the province's social housing assets and consolidating the revenues and expenditures associated with operating these assets. The goal of the Nova Scotia Housing Development Corporation is to ensure the province has a range of financial tools available to support government's housing objectives.

Created by the *Nova Scotia Housing Development Corporation Act*, the corporation's activities include:

- the acquisition and disposal of real estate
- negotiating agreements
- borrowing and investing funds
- lending money and guaranteeing payments
- mortgaging property

The staff of the Department of Community Services carry out the management and administration functions of the corporation, but are not direct employees.

3.1 REPORT STRUCTURE

This report is organized into two main sections. The first section outlines the department's progress and accomplishments against the priorities identified in the 2007-2008 Business Plan. The next section provides details regarding performance measures and the results achieved. The financial results of the Nova Scotia Housing Development Corporation are reported on in the Audited Financial Statements. These statements are available at <http://www.gov.ns.ca/finance/site-finance/media/finance/Financial%20Statements/NS%20Housing%20>

4.0 PRIORITIES AND ACCOMPLISHMENTS

The Nova Scotia Housing Development Corporation secures the necessary funding and manages the related assets that enable the Department of Community Services to provide programs which address the housing needs of Nova Scotians.

The work of the corporation is very closely aligned and integrated with the work of the Housing core business area of the Department of Community Services. The following accomplishment is in addition to the many ongoing activities that Community Services staff carry out on behalf of the corporation.

Standardized Process and Forms to Support Mortgage Lending

To enable government to maximize its investment, the Nova Scotia Housing Development Corporation is providing mortgages to Long Term Care Facilities approved by the Department of Health. The government target is to provide 1,657 long term care beds by 2012.

To support this work, the corporation in partnership with the Department of Health, created a toolkit for long term care facility owners/operators. This toolkit includes information such as construction invoicing procedure, forms for providing contact details, requests for payment, change orders, legal documents relating to the mortgage, and associated agreements.

This toolkit will also be used as a prototype to support the corporation's work with Early Learning and Child Care and Services for Persons with Disabilities.

The corporation will continue to assess its current lending practices and identify new lending opportunities. The goal is to have a clearly defined position, mandate, and policy on mortgage lending that maximizes government's investment in social and supported housing.

5.0 FINANCIAL RESULTS

Please refer to the Audited Financial Statements for the financial results of the Nova Scotia Housing Development Corporation. These statements are available at

<http://www.gov.ns.ca/finance/site-finance/media/finance/Financial%20Statements/NS%20Housing%20D>

6.0 PERFORMANCE MEASURES

This section provides detailed information on the outcomes and performance measures of the Nova Scotia Housing Development Corporation.

Please note, that some measures have been replaced or refined in an effort to better reflect the desired outcomes of the corporation. Changes are noted at the end of the document.

6.1 COOPERATIVE HOUSING RANKING

WHAT DOES THE MEASURE TELL US?

Cooperative housing organizations in Nova Scotia provide approximately 1,600 self-contained dwelling units. The Cooperative Ranking Model assesses and monitors the health of the Cooperative Housing Portfolio. The Ranking Model provides an overview of the Cooperative Housing Portfolio and as an ongoing monitoring tool, assists the corporation in its management of cooperative housing. Cooperatives are ranked as a Level I, II or III; with Level I being the healthiest, and Level III being considered a project "in difficulty".

This measure indicates how many cooperatives achieve a ranking of Level I or a High Level II based on an annual assessment of their financial, democratic and physical condition.

WHERE ARE WE NOW?

In 2007-2008, there were 71 subsidized cooperatives in the Cooperative Housing Portfolio of which 68 percent were deemed to be healthy and do not pose a risk. This is 6 percentage points higher than the previous year's result of 62 percent and meets the target set by the corporation. The percentage of projects "in difficulty" has declined from 20 percent to 17 percent.

These results demonstrate that the overall health of the cooperative portfolio has improved. To achieve these results monitoring and inspection processes and early intervention practices were put in place.

Cooperative Ranking	2005/06 (Base Year)	2006/07	2007/08
Level I	35%	31%	30%
High Level II	28%	31%	38%
Low Level II	13%	18%	15%
Level III	24%	20%	17%

WHERE DO WE WANT TO BE IN THE FUTURE?

In 2008-2009, a new centre focusing on cooperatives that are struggling financially will be implemented. The department will also continue to implement monitoring and inspection processes and early intervention practices to identify and address issues before they effect the health of a cooperative. In the future, the department is striving to increase the percentage of cooperatives that achieve a Level I or a High Level II (considered healthy). The target for 2010-2011 is 75 percent of the cooperatives to be deemed healthy.

Please note, in the future this measure will be reported on in the Accountability Report for the Department of Community Services.

6.2 AMOUNT OF FINANCIAL ASSISTANCE AND/OR MORTGAGE GUARANTEES

WHAT DOES THE MEASURE TELL US?

The corporation provides financing assistance to qualified agencies to purchase, lease or upgrade housing/shelter related facilities. This involves giving the agencies preferred interest rates for longer term periods than would be provided by private lenders. Agencies are protected from fluctuations in their on-going operating costs. This is particularly important to Community Services and the Department of Health, since publically subsidized per diem rates include financing costs.

This measure reports the amount of financial assistance and/or mortgage guarantees provided to social housing projects. Qualifying projects generally must meet at least one of the following criteria:

- increase the supply of safe, affordable, appropriate and sustainable housing in Nova Scotia
- reduce the long-term interest rate risk to the Province of Nova Scotia
- have an acceptable level of risk to the corporation
- reduce the long term financing costs to the Province of Nova Scotia.

WHERE ARE WE NOW?

In 2007-08, a total of 9 projects were approved for financing through the corporation for a total of \$67 million. Projects included 7 nursing homes, 1 home for persons with disabilities, and 1 cooperative housing project.

Amount of Financial Assistance and/or Mortgage Guarantees		
2005-2006 (BY)	2006-2007	2007-2008
\$12.87 million	\$9 million	\$67 million

WHERE DO WE WANT TO BE IN THE FUTURE?

Due primarily to the Department of Health's Long Term Bed Renewal initiative, the number of projects that will be approved for financing is expected to increase significantly over the next five to ten years. The corporation will also continue to foster and pursue partnering opportunities with other departments and government agencies.

CHANGES TO PERFORMANCE MEASURES

Two measures were removed as they do not appropriately reflect the results the corporation strives to achieve.

1. Percentage of the public housing budget allocated to the maintenance and capital improvement of the province's public housing.
2. Number of households assisted through funding made available under the Canada-Nova Scotia Housing Renovation Program Agreement.

Measures that have been improved to better reflect desired outcomes include:

3. Number of social housing projects receiving financing assistance and/or mortgage guarantees was changed to the amount of financial assistance and/or mortgage guarantees provided to social housing projects.